

UNITED STATES OF AMERICA
THE DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

New York Independent System Operator, Inc.)

Docket No. EA-227

APPLICATION OF
NEW YORK INDEPENDENT SYSTEM OPERATOR, INC.
FOR AUTHORIZATION TO
TRANSMIT ENERGY TO CANADA AND
FOR EXPEDITED ACTION

New York Independent System Operator, Inc. ("NYISO"), pursuant to Section 202(e) of the Federal Power Act ("FPA"), 16 U.S.C. § 824a(e), and 10 C.F.R. § § 205.300 *et seq.*, hereby files its Application for blanket authority to transmit electric energy from the United States to Canada through emergency transactions and inadvertent energy flows, both described in detail below. For the reasons provided in this Application, the NYISO respectfully requests expedited action. In support of its Application, the NYISO states as follows:

I.

DESCRIPTION OF APPLICANT

The exact legal name of applicant is New York Independent System Operator, Inc. The NYISO is a not-for-profit corporation formed under New York law with its principal place of business at 3890 Carman Road, Schenectady, NY 12303.

The NYISO does not own or control any electric power generation facilities, nor does it have a franchised electric power service area. The NYISO does possess operational control over the transmission facilities in the state of New York. Those facilities continue to be owned by a

group formerly known as the Member Systems of the New York Power Pool. The New York Power Pool consisted of Central Hudson Gas & Electric Corporation, Consolidated Edison Company of New York, Inc., the Long Island Power Authority, New York State Electric & Gas Corporation, Niagara Mohawk Power Corporation, Orange and Rockland Utilities, Inc., Rochester Gas and Electric Corporation, and the Power Authority of the State of New York.

Operational control means security monitoring, adjustment of generation and transmission resources, coordinating and approval of changes in transmission status for maintenance, determination of changes in transmission status for reliability, coordination with other control areas, voltage reductions and load shedding, except that each legal owner of generation and transmission resources continues to physically operate and maintain its facilities.

At present, the NYISO is negotiating for emergency sales of energy to Ontario. The details of the proposed emergency sales are provided only to illustrate one of the classes of possible exports. The NYISO will coordinate the contemplated transactions to Ontario with Ontario Power Generation, Inc. ("OPGI") and the Independent Electricity Market Operator ("the IMO"). OPGI owns electric generation and transmission facilities, and is incorporated pursuant to the laws of Ontario. The IMO is a not-for-profit, non-share capital corporation established pursuant to the Electricity Act, 1998. The IMO does not own or generate electrical energy. The IMO is not licensed to distribute electrical energy in Ontario. The NYISO is developing a similar set of arrangements that would permit emergency sales to Quebec.

A second type of energy export that may occur is known as "inadvertent energy." Inadvertent energy is the difference between the actual metered energy interchange and the scheduled energy interchange between two adjacent Control Areas during transactions with Canada by others pursuant to their own authority. The NYISO, Ontario, and Hydro-Quebec, as

members of the North American Electric Reliability Council ("NERC") and the Northeast Power Coordinating Council ("NPCC"), follow the established procedures to meet their obligation to balance their individual inadvertent accounts. Inadvertent energy accumulated during on-peak hours is paid back during on-peak hours, and inadvertent energy accumulated during off-peak hours is paid back during off-peak hours. In either case, payback is made with energy "in-kind."

II.

JURISDICTION

The Federal Energy Regulatory Commission has jurisdiction over the terms and conditions of service offered by the NYISO and the charges for its service. No other known federal, state, or local government has jurisdiction over the actions to be taken under the authority sought in this application.

III.

COMMUNICATIONS

Communications regarding this Application should be addressed to the following:

Michael C. Calimano
Vice President Operations & Reliability
Rob Fernandez
General Counsel
New York Independent System Operator, Inc.
3890 Carman Road
Schenectady, NY 12303

Arnold H. Quint
Edwin G. Kichline
Hunton & Williams
1900 K Street, N.W., Suite 1200
Washington, DC 20006
Phone: (202) 955-1500
Fax: (202) 778-2201

IV.

TECHNICAL DISCUSSION OF PROPOSAL

From time to time, the Ontario Control Area (or, Quebec Control Area) may have insufficient operating reserve available on its system, or need to supplement available resources

to cover sudden and unforeseen circumstances, such as loss of equipment or forecast errors. In such situations, either Control Area may need to purchase emergency energy in order to ensure reliability. Before the NYISO supplies emergency energy to Canada, the NYISO will evaluate: 1) the safe and proper operation of its own system; 2) the furnishing of economical, dependable, and satisfactory services to its own customers; and 3) its obligations to other parties. To the maximum extent consistent with the results of those considerations, the NYISO will make available emergency energy from its available generating capability in excess of its load requirements up to the transfer limits in use between the two respective control areas when a system emergency exists on Ontario's (or, Quebec's) system or on the system of a third-party control area.

Under some circumstances, the NYISO may be unable to provide emergency energy to Canada when needed. If there is energy available from a third-party control area, delivery of emergency energy from the third-party control area will be secured when feasible.

The New York Control Area and the Control Areas of Ontario and Quebec have several points of interconnection where two or more individual transmission systems normally operate in tandem and have interconnecting transmission lines. The emergency energy will be delivered to the international border between Canada and New York at any of the points of interconnection. The NYISO will use the following interconnection points for the transmission of the emergency energy:

<u>Owner</u>	<u>Location</u>	<u>Voltage</u>	<u>Presidential Permit No.</u>
Long Sault, Inc.	Massena, NY	2-115-kV	PP-24
New York Power Authority	Massena, NY	765-kV	PP-56
	Massena, NY	2-230-kV	PP-25
	Niagara Falls, NY	2-345-kV	PP-74

	Devils Hole, NY	230-kV	PP-30
Niagara Mohawk Power Corp.	Devils Hole, NY	230-kV	PP-190

The export capability between New York and Ontario and Quebec is as shown in the report entitled, "Load & Capacity Data, 1999 Report of the Member Systems of the New York Power Pool."

When emergency energy is required, Ontario (or, Quebec) will contact the NYISO and make a request for emergency energy. If the NYISO has available capacity, it will make an offer. The offer will include: 1) quantity; 2) price (estimate), if available; 3) start time; 4) ramp rate; and 5) duration. Subject to transmission availability, the requesting entity will implement the emergency energy offer. The NYISO and Ontario (or, Quebec) will schedule the interchange.

The parties will adhere to all reliability requirements of the North American Electric Reliability Council and of the Northeast Power Coordinating Council, the region's reliability organization.

The NYISO only proposes to provide energy to Canada under terms and conditions that would not cause reliability problems on its own system. The transmission required for the energy transactions would not impair the sufficiency of electric supply within the United States, nor would it impede or tend to impede the coordination in the public interest of facilities subject to FERC jurisdiction.

V.

PROCEDURES

For the emergency energy transactions to Ontario and Quebec, the parties will organize Administration Committees that will be authorized to do anything necessary to carry out the emergency energy transactions. The Administration Committees will handle general matters relating to scheduling and accounting. The Administration Committees will also coordinate transmission maintenance schedules, as well as consider any operating matters arising during emergency energy transactions.

The NYISO, Ontario, and Quebec will keep complete and accurate records and memoranda of their operations during emergency energy transactions. The NYISO will keep complete and accurate records of all exported energy transactions with Canada. All energy supplied over the various points of interconnection will be metered. The NYISO will furnish annual reports to the DOE, by the 15th of February each year, detailing for each month of the previous year: 1) the gross amount of electric energy delivered, in kilowatt hours; 2) the consideration associated with such energy; and 3) the maximum hourly rate of transmission, in kilowatts.

VI.

EXHIBITS AND ATTACHMENTS

The following Exhibits and Attachments are attached hereto:

Exhibit A - Legal opinion of the NYISO's counsel.

VII.

REQUEST FOR EXPEDITED ACTION

The NYISO began operations in November, 1999. Soon thereafter, it began negotiations with the surrounding Control Areas to develop arrangements for emergency transactions. Those negotiations are nearing completion. The NYISO was reluctant to file this Application until the parameters of the transactions could be described with some certainty. Approval on an expedited basis is especially appropriate with the summer season rapidly approaching. Regional reliability problems are likely to be most acute during the summer. As a result, the NYISO requests a shortening of the public comment period to permit expedited action on this Application.

VIII.

CONCLUSION

The New York Independent System Operator, Inc. respectfully requests that this application for blanket authority to transmit electric energy to Canada be approved by the Department of Energy in accordance with its rules and regulations. To most effectively handle regional reliability problems due to periods of record heat, the NYISO requests a shortening of the public comment period to 15 days.

Respectfully submitted,

Edwin G. Kichline

Arnold H. Quint
Edwin G. Kichline
HUNTON & WILLIAMS
Attorneys for the New York Independent
System Operator, Inc.

Dated: June 27, 2000

EXHIBIT A

HUNTON & WILLIAMS

951 EAST BYRD STREET
RICHMOND, VIRGINIA
1900 K STREET, N.W.
WASHINGTON, D.C.
600 PEACHTREE STREET, N.E.
ATLANTA, GEORGIA
101 SOUTH TRYON STREET
CHARLOTTE, NORTH CAROLINA
ONE HANNOVER SQUARE
RALEIGH, NORTH CAROLINA
900 SOUTH GAY STREET
KNOXVILLE, TENNESSEE
500 EAST MAIN STREET
NORFOLK, VIRGINIA

200 PARK AVENUE
NEW YORK, NEW YORK 10166-0136
TELEPHONE: 212-309-1000
TELECOPIER: 212-309-1100

AVENUE LOUISE 326
BRUSSELS, BELGIUM
60 LOMBARD STREET
LONDON, EC3V9EA
ULICA BAGATELA 14
WARSAW, POLAND
1 TIM MEI AVENUE, CENTRAL
HONG KONG
990 RAMA IV ROAD
BANGKOK, THAILAND
201 SOUTH BISCAYNE BOULEVARD
MIAMI, FLORIDA
1751 PINNACLE DRIVE
MCLEAN, VIRGINIA

IRA L. FREILICHER
E-MAIL: IFREILICHER@HUNTON.COM

FILE NO.: 55430.000003
DIRECT DIAL: (212) 484-2045

June 27, 2000

Office of Coal & Power Im/Ex, FE-27
Office of Fossil Energy
1000 Independence Avenue, SW
Washington, DC 20585-0350

Attention: Ms. Ellen Russell

New York Independent System Operator, Inc.
Export Authorization Application

Dear Ms. Russell:

The following opinion is given in support of the Application of the New York Independent System Operator, Inc. ("NYISO"), for authorization to transmit electric energy to Canada, dated June 27, 2000.

I am an attorney at law, authorized to practice law in the State of New York:

1. I am counsel for the NYISO;
2. The NYISO is duly incorporated, validly existing and in good standing under the laws of the State of New York and is authorized to do business in New York;
3. The NYISO has full corporate power and authority to schedule electric energy for export to Canada as requested in the Application; and

HUNTON & WILLIAMS

Ms. Ellen Russell
June 27, 2000
Page 2

4. The NYISO has complied or will comply with all applicable Federal and state laws.

HUNTON & WILLIAMS

By: Ira L. Freilicher /EGK

Ira L. Freilicher
Attorney for New York
Independent System Operator, Inc.